Purchasing Office   **Item No. 33**
RECOMMENDATION FOR COUNCIL ACTION

Subject: Authorize award and execution of Amendment No. 3 to a requirements service agreement with APPLIANCE RECYCLING CENTER OF AMERICA, Minneapolis, MN to increase the current and remaining options for Austin Energy's Appliance Replacement and Recycling Program, in estimated amounts not to exceed $127,837 for the current contract term and $170,450 for each of the three remaining extension options, for a revised total estimated contract amount not to exceed $2,777,719.

Amount and Source of Funding: Funding in the amount of $127,837 is available in the Fiscal Year 2008-2009 Operating Budget of Austin Energy in the Conservation Rebates and Incentives Fund. Funding for the extension options is contingent upon available funding in future budgets.

Fiscal Note: There is no unanticipated fiscal impact. A fiscal note is not required.

For More Information: Sandy Calles, Buyer Sr. /512-322-6487

Purchasing Language: Contract Amendment.

MBE/WBE: This contract will be awarded in compliance with Chapter 2-9C of the City Code (Minority Owned and Women Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established for this solicitation.

Prior Council Action: August 30, 2007 - Approved original contract.

On August 30, 2007, Council approved a 12-month contract with ARCA to pick up and recycle energy inefficient appliances, as well as provide delivery and installation of new energy efficient appliances for participants in Austin Energy's Appliance Replacement and Recycling Program, in an estimated amount not to exceed $534,633, with three 12-month extension options in an estimated amount not to exceed $534,633 per extension option, for a total estimated contract amount not to exceed $2,138,532.

Appliances eligible for replacement under this program include: dish washers, window air conditioning units, clothes washers, and refrigerators. Eligible program participants include single-family and multi-family residential home owners and tenants, as well as municipal entities.

This proposed Amendment No. 3, to increase the contract term and extension options, is due to higher participation than anticipated and the inclusion of the incentives program to this contract. This action will allow Austin Energy to continue to provide customer incentive rebates of $50 to 3,108 single-family residential customers and $35 to 430 commercial and multi-family customers who recycle their inefficient refrigerators through this program. The incentive rebates apply only to the recycling of inefficient refrigerators. Amendment No. 2 was an administrative change. Amendment No. 1 was to exercise the first extension option.

Since the Refrigerator Recycling Program's inception in October 2004, Austin Energy has recycled over 12,200 refrigerators. With the addition of the other appliances for replacement and recycling, Austin Energy has increased the participation in the program. The Appliance Replacement and Recycling program also supports Austin Energy's Strategic Plan and is not only a peak-demand and energy-savings

program for the utility, but it also promotes environmental responsibility in recycling hazardous materials from the recycled appliances. Materials such as metals, ozone-depleting chlorofluorocarbon (CFC) refrigerants, and foam insulation are disposed of using environmentally-sound methods. From October 1, 2004 to December 10, 2008, over 1,200 tons of waste that would have otherwise ended up in our landfills were recycled and/or disposed of safely including scrap metal, batteries and oil.

This program aids in reducing air emissions by reducing electric consumption in Austin Energy's service territory and educates consumers on more efficient uses of electricity by providing them with Energy Star-labeled appliances to meet their needs.

The Appliance Replacement and Recycling Program received $95,000 in grant funding from the State Energy Conservation Office (SECO) in support of this program.